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Federal Communications Commission
Office of the Secretary

Before the
Federal Communications Commission
Washington, DC 20554

In the Matter of

Petition for Rulemaking to Enable Low-
Income Consumers to Access Broadband
Through the Universal Service Lifeline and
Link-Up Programs

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) WC Docket No. 08-____
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PETITION FOR RULEMAKING OF COMPUTER & COMMUNICATIONS INDUSTRY
ASSOCIATION (CCIA)

OCTOBER 7, 2008

SUMMARY

In the past year, policymakers have expressed growing support for the universal availability of broadband Internet access and the expansion of the universal service high-cost program to include broadband services. Studies demonstrate, however, that low-income consumers are the most likely Americans to miss out on the broadband revolution – even more likely than rural residents. As a nation, we can and should do better to ensure that *all* Americans have access to the benefits of broadband. The Commission should therefore revise the definition of universal service to provide Lifeline and Link-Up support for low-income consumers' access to broadband.

A focus on low-income consumers' access to broadband is appropriate. While network providers have spent billions of dollars a year bringing broadband to communities across the nation, low-income Americans are far less likely to subscribe than other groups. One recent study finds that, while 55 percent of Americans subscribe to broadband at their homes, only 25 percent of those with annual household incomes under \$20,000 do so.

There is a national interest in improving broadband subscription rates among low-income Americans. Policymakers at the Commission and in the Congress have repeatedly extolled the tremendous benefits that broadband brings, both to the individuals served and to the public at large. Independent studies confirm these benefits, which include improving education and health-care. Further, the benefits of broadband can be particularly pronounced for those with low incomes.

The Commission currently is considering a "free" broadband requirement for the AWS-3 spectrum band, but CCIA believes that reallocating prime TV band spectrum, the unused "white spaces" between digital TV signals, for wireless broadband use is a more promising way to improve broadband availability and adoption for low-income households, particularly in rural areas. In urban neighborhoods, we think more user-friendly DSL and cable modem availability and computer training is key. We also believe transitioning the universal service programs of Lifeline and Link-up from basic voice connections to broadband is very important.

The point is, the Commission should address the low-income broadband gap head on, right now. Specifically, it should provide technologically and competitively neutral support for broadband Internet access service through the Lifeline and Link-Up universal service support programs. This action would comport with the requirements of section 254 of the Communications Act, because (1) broadband service is essential to education, public health and public safety, particularly for low-income consumers; (2) a substantial and rapidly growing majority of residential consumers subscribe to broadband services; (3) broadband services are unquestionably being deployed in public telecommunications networks by telecommunications carriers; and (4) including broadband in the list of services eligible for support in the Lifeline program is consistent with the public interest, convenience, and necessity.

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PETITION FOR RULEMAKING OF CCIA

Pursuant to Section 1.401 of the Commission's Rules,¹ the Computer & Communications Industry Association (CCIA) hereby petitions the Commission to amend the definition of universal service² to provide Lifeline and Link-Up support for low-income consumers' access to broadband services.

**I. THE UNIVERSAL SERVICE LIFELINE AND LINK-UP PROGRAMS
ARE AMONG THE BEST VEHICLES FOR ADDRESSING THE LOW-
INCOME BROADBAND GAP**

In the past year, policymakers have expressed growing support for the universal availability of broadband and the expansion of the universal service high-cost program to include broadband services. Studies demonstrate, however, that low-income consumers are the most likely Americans to miss out on the broadband revolution – even more likely than rural residents. As a nation, we can and should do better to ensure that *all* Americans have access to the benefits of broadband. The Commission should therefore revise the definition of universal service to provide Lifeline and Link-Up support for low-income consumers' access to broadband Internet access services.

¹ 47 C.F.R. § 1.401.

² *Id.* § 54.101. *See also* 47 U.S.C. § 254(c).

There is mounting evidence that low-income Americans are substantially less likely than other Americans to subscribe to broadband service. The Pew Internet & American Life Project ("Pew") found in July that although 55 percent of all adult Americans had broadband connections in their homes, only 25 percent of Americans in households with annual incomes of \$20,000 or less had such access.³

The low-income broadband gap is not just a buildout issue. Network providers, including wireless providers have invested billions of dollars to deploy broadband facilities, and the number of consumers who have broadband available to them has grown steadily.⁴ Of course, the new 3G services do not yet fully substitute for a wireline connection to a PC or a wifi hotspot for a laptop. But they do provide an option where other broadband connections are not available. The Pew Report confirms that despite impressive growth in subscriptions, 45 percent of American adults, and 62 percent of American adults in rural communities, still live in homes without broadband connections.⁵

Part of the problem here is a significant gap in the Commission's current low-income universal service programs. Consistent with Section 254 of the Communications Act of 1934, as amended, the FCC's low-income universal service programs were designed to provide America's

³ Pew Internet & American Life Project, *Adoption Stalls For Low-Income Americans Even as Many Broadband Users Opt for Premium Services that Give Them More Speed* 1-2 (July 2008), available at http://www.pewinternet.org/pdfs/PIP_Broadband_2008.pdf ("Pew Report").

⁴ CostQuest Associates, *U.S. Ubiquitous Mobility Study* 17 (April 17, 2008), available at http://fjallfoss.fcc.gov/prod/ecfs/retrieve.cgi?native_or_pdf=pdf&id_document=6519893737 (finding that only 23.2 million out of 300 million Americans lack access to wireless broadband at their residence). Wireless providers are playing an important role in broadband build-out: In a study submitted to the FCC earlier this year by CTIA – The Wireless Association, CostQuest Associates found that over 92 percent of Americans already have access to 3G mobile wireless broadband service at their primary place of residence.

⁵ *Pew Report* at 3. The *Fifth Section 706 Report* finds that the number of high-speed lines increased from 27.7 million in December 2003 to 100.9 million in June 2007. *Fifth Section 706 Report*, 23 FCC Rcd 9615 ¶ 33. Over the same period, the number of residential subscriptions had grown from 26 million to 65.9 million. *Id.* ¶ 35.

lower-income consumers with affordable connectivity to telecommunications and advanced services.⁶ Yet, in 2008, these programs still do not enable qualifying low-income consumers to obtain discounted broadband Internet access services. Such access would provide extensive benefits to low-income Americans, improving their ability to compete in the modern economy. It would also, however, benefit the nation as a whole, boosting economic welfare, improving health care and education, and creating energy-saving efficiencies in other aspects of everyday life.

One path to increasing subscribership among low-income consumers is relatively straightforward. The FCC should provide technologically and competitively neutral support for broadband through the Lifeline and Link-Up universal service support programs. Such a ruling would direct subsidies to Americans who most need them. Targeted low-income support programs for existing services are more effective at increasing availability of broadband and low-income subscribership than a mandate for free service on some future network that has yet to be built, much less generate commercial revenues that could support service offerings at no charge. Further, transition of Lifeline and Link-Up to broadband would help ensure that these users receive access to the same quality and diversity of broadband services enjoyed by other Americans. If ensuring broadband access to low-income Americans is a national priority, one important mechanism for ensuring such access is an updated universal service program.

II. BROADBAND WILL BRING SIGNIFICANT BENEFITS TO LOW-INCOME CONSUMERS

Leading communications policymakers have all agreed that widespread availability of broadband Internet access confers enormous benefits on individuals and society at large. As Chairman Martin has recognized: "broadband has the potential to affect almost every aspect of

⁶ 47 U.S.C. § 254.

our lives – from where we work, to how we educate our children and increasingly to the way healthcare is delivered.”⁷ Commissioner Copps has also highlighted the pervasively important role broadband plays in individuals’ lives, noting that “[h]igh-capacity networks are to the Twenty-first century what roads, canals and railroads were to the Nineteenth and highways and basic telecommunications were to the Twentieth.”⁸ Commissioners Adelstein, Tate and McDowell have all expressed similar views.⁹

Congress also has expressed support for enhanced broadband deployment. Senate Commerce, Science & Transportation Committee Chairman Daniel Inouye; for example, observed that “broadband communications are quickly becoming the great economic engine of our time,” and stated that “[f]rom our smallest rural hamlets to our largest urban centers, communities across this country should have access to the opportunities ubiquitous broadband can bring.”¹⁰ Representative Edward Markey, Chairman of the House Subcommittee on Telecommunications and the Internet, declared that “the overarching telecommunications policy goal of the United States is achieving ubiquitously available, competitive, high-speed, affordable broadband service to all Americans.”¹¹

⁷ *Fifth Section 706 Report*, Statement of Chairman Kevin J. Martin.

⁸ *Fifth Section 706 Report*, Statement of Commissioner Michael J. Copps, Dissenting.

⁹ *See id.*, Statement of Commissioner Jonathan S. Adelstein, Dissenting (“We stand at the forefront of a revolution in the applications that will ride over [broadband] infrastructure. They are reshaping the way we work, educate our children, provide health care to our citizens, govern, practice democracy, and interact with one another. These are tools that can play a crucial role in driving our economic growth, enhancing public safety, and revitalizing our communities.”); *id.*, Statement of Commissioner Deborah Taylor Tate (“Broadband is revolutionizing how we communicate, how, where and when we work, how we educate our children, the delivery of healthcare and public safety as well as how we entertain ourselves.”); Commissioner Robert McDowell, Luncheon Address, Broadband Policy Summit III (June 7, 2007) (calling broadband “the most dynamic, positive, constructive and disruptive force to rock the world economy since electricity”).

¹⁰ 153 Cong. Rec. S 6849 (May 24, 2007).

¹¹ 153 Cong. Rec. H 13557 (Nov. 13, 2007).

Millennium Research Council ("NMRC") found that the benefits of increased broadband deployment for these groups over the next 25 years could completely offset expected homeland-security expenditures during the same period.¹⁹ This study identified numerous benefits accruing to these populations, including cost savings resulting from increased reliance on telemedicine, improved disease management, and remote health monitoring;²⁰ reduction in medical errors;²¹ and increased participation in the labor force by elderly Americans and Americans with disabilities relying on broadband to work remotely.²² NMRC estimates that a policy promoting accelerated broadband access would create benefits possibly exceeding \$2 trillion by 2030 (measured in 2005 dollars), of which between \$532 billion and \$847 billion would be directly attributable to the pro-deployment policy shift. By means of comparison, the study notes that over that period, "federal homeland security spending ... can be projected to total \$620 billion."²³

The benefits of broadband can be especially pronounced for low-income Americans. In recent Congressional testimony, Rey Ramsey – Chief Executive Officer of OneEconomy Corp. – explained that "[b]roadband is a particularly powerful tool for fighting poverty because it minimizes problems of time, mobility, and geographic isolation."²⁴ Unsurprisingly, however, low-income Americans are far less likely than other Americans to subscribe to broadband. In a recent economic analysis comparing adoption among the fifty states, the Phoenix Center for Advanced Legal & Economic Public Policy Studies determined that "income inequality is a significant driver in suppressing broadband penetration in the United States."²⁵

¹⁹ Robert E. Litan, *Great Expectations: Potential Economic Benefits to the Nation from Accelerated Broadband Deployment to Older Americans and Americans With Disabilities* (December 2005), available at http://www.newmillenniumresearch.org/archive/Litan_FINAL_120805.pdf.

²⁰ *Id.* at 10-16.

²¹ *Id.* at 20.

²² *Id.* at 24-29.

²³ *Id.* at 31.

²⁴ Testimony of Rey Ramsey, Chief Executive Officer of One Economy Corporation, Before the U.S. Senate Committee on Commerce, Science and Transportation at 2 (September 16, 2008), available at http://commerce.senate.gov/public/index.cfm?FuseAction=Hearings.Testimony&Hearing_ID=9e474249-4555-4df9-bee2-975ea1752d97&Witness_ID=70b6b800-4d34-4fbc-8afa-2f5417f320e1.

²⁵ George S. Ford, Thomas M. Koutsky, Lawrence J. Spiwak, *The Demographic and Economic Drivers of Broadband Adoption in the United States* at 20 (Phoenix Center Nov. 2007), available at <http://www.phoenix-center.org/pcpp/PCPP31Final.pdf>.

services.³² Indeed, as the Joint Board's recommended decision observed, universal service reform should "accommodate the arrival of, and the public demand for, broadband Internet services."³³ Third, broadband services are being deployed in public telecommunications networks by both wireline and wireless telecommunications carriers.³⁴ Finally, as discussed at length above, including broadband in the list of services eligible for support in the Lifeline program is consistent with the public interest, convenience, and necessity.³⁵ The Commission previously has authorized support for services only to Lifeline customers,³⁶ and provided for a transition mechanism in cases where carriers may not yet be completely capable of delivering a supported service to customers.³⁷

In sum, modifying the Lifeline and Link-Up programs to bring the benefits of broadband to low-income consumers is an important part of the solution to the broadband digital divide and clearly meets the statutory requirements of Section 254.

³² See *supra* Section I.

³³ *Recommended Decision*, 22 FCC Rcd 20477, ¶ 2.

³⁴ See, e.g., *Fifth Section 706 Report*, 23 FCC Rcd 9615 ¶ 1 (finding that "advanced telecommunications capability is being deployed to all Americans in a reasonable and timely fashion").

³⁵ See *supra* Section II.

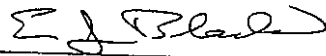
³⁶ Toll-limitation service is currently designated for support only for Lifeline customers. 47 C.F.R. § 54.101(a)(9).

³⁷ When the FCC originally adopted the list of services included in the definition of universal service, it permitted carriers that were "otherwise eligible to receive universal service support" but were "currently incapable of providing single-party service, toll limitation service, or access to E911" to "petition [their] state commission for permission to receive universal service support" while they implemented the capability to provide these services. *First Universal Service Order*, 12 FCC Rcd at 8827 ¶ 91.

CONCLUSION

For the reasons described above, the Commission should amend the definition of universal service to include Lifeline and Link-Up support for low-income consumers' access to broadband services.

Respectfully submitted,

By: 
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October 7, 2003